

ATARI
Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

May 25, 1982

Enclosed is your royalty check for the first quarter 1982. Each quarter we have seen sales increase to new records and we believe there is a good likelihood this trend will continue.

The major reason for the large increase has been our sales to dealers and the distribution network. They now account for the majority of APX sales and are growing, while direct sales to end users are fairly constant. In order to achieve this growth we have discounted the distribution price for significant volume purchases. Consequently, the royalty payments can not be inferred directly from the number of sales. APX royalties are computed, based on the revenue received by Atari minus the costs of media, etc.

This year has already included several events supporting APX authors. These include:

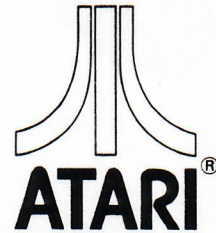
1. The award of the annual grand prize of \$25,000 to one of our authors.
2. The incorporation of color photographs of screens into the catalog.
3. The conversion of two APX titles to the Atari main product line.
4. The introduction of more colorful packaging for APX products.
5. The initiation of new distribution channels.
6. The distribution of quarterly prizes.
7. Several Awards of Merit presented at the annual awards ceremonies.
8. Full color ads have been taken out in BYTE, CREATIVE COMPUTING, COMPUTE and INTERFACE AGE recognizing the contributions of APX authors.

We are working actively in several other areas to increase APX sales even more. I hope the next quarter will bring many pleasant surprises in sales increases. If you have any questions, please contact me.

Paul V. Cubbage
Manager, Product Review

#35(A25)

Computer Division



December 1, 1982

Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

Dear author,

Enclosed is your royalty check for sales of your product during the third quarter of 1982. I am happy to report that the total of royalties paid out by APX continues its rapid growth. Christmas sales are running at a very strong pace. Long time authors will also note that we are getting the checks out sooner after the close of the quarter. First time authors should be aware that initial royalty checks are commonly quite small. There are two reasons for this. The first catalog containing their product was only available for a few weeks before the close of the quarter so few people had heard of the program. The fiscal quarter ends after the first few weeks of the quarter, so there isn't much time to make sales.

APX has now moved into a much larger facility than the one we moved into last quarter. Our street address is now 3281 Scott Boulevard, Santa Clara, California 95051. In this new facility we have room to grow, and we need it.

Since most of our sales are through dealers, we have done some advertising of APX in the computer dealer trade papers. I am enclosing a copy of this first advertisement. It seems to be having the desired effect. You might be seeing this same advertisement elsewhere with different accompanying text.

You may have already noticed some other steps we have taken to help sales. "Tag lines" have now been added to all products; this means salespeople don't have to guess what the product does by its name, or refer to a catalog, which they may be out of. The window in the front of the box has been made much larger. For four products, Eastern Front, Galahad and the Holy Grail, Counter and Advanced Music System, we have produced an entirely new manual format as an experiment. The text is all typeset, in stead of run off on an Atari 825. A large, full color picture of a screen from the program shows through the enlarged window in the box. The back of the manual has a brief description of the product taken from the catalog. Also on the back is a photograph and some biographical notes on the author. So far the new format is being well received and we will continue to move major titles to it.

I have just completed a tour of Europe talking with Atari staff and dealers. There is already considerable interest in APX throughout the European user community; in some places APX has achieved near cult status. Demand for APX products is substantial wherever we are known. With the information gained from this trip, we are starting a program to develop the market for APX products in Europe.

This gives you an overview of what APX is doing to increase the market for your product. Please keep us informed about upgrades you have done on your current APX products, and new products you are developing. Also we would like to know what is happening in your part of the Atari community.

Congratulations on your royalty. I look forward to hearing from you soon on your current programming activities.

Sincerely,

A handwritten signature in cursive script that reads "Fred Thorlin".

Fred Thorlin

Director
Atari Program eXchange

Computer Division
March 9, 1983



Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

Dear author,

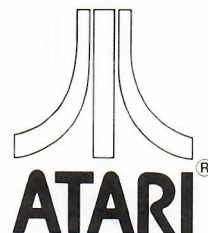
Enclosed please find your royalty payment for the last quarter of 1982. Sales continued quite strong so you will probably notice a substantial growth in your earnings. We are still having problems getting the checks to you as soon after the quarter as I would like for which I apologize. We are in the process of moving our operations onto a larger computer which should facilitate their prompt dispersal in the future. We are adjusting our payment schedule so that our catalog corresponds to a fiscal quarter. Because we hadn't done this in the past, people would get checks for their first few weeks of sales, think it was for a whole quarter, and depression would set in. You may recall that I discussed the problem in an earlier letter to you.

Enclosed is a copy of the APX Spring Catalog. You will note that the format has been substantially revised. This is our first quarterly update issue in which only the new programs are described at length. All of the offered programs are recorded in the tables. The update, as well as the preceding base issue, are three-hole punched so that they can be conveniently retained in three-ring binders. By splitting up the catalog this way, we can make them available to our customers at a lower price and still provide them with timely information. We now have so many programs, 170, that our customers would have had to plow through a lot of material they had already seen to locate the new material.

We are delighted with our second annual Atari Star Award ceremonies. Four of our authors and their guests spent three days with us as we endeavored to show our appreciation to them for their contributions to APX. More details of the activities are in the catalog. Still more coverage of APX authors is included the February 21, 1983, issue of People Magazine in an article entitled "Invasion of the Vidkids" (Karen Carpenter is on the cover).

Of immediate import to APX authors is that Jack Perron is acting as the Manager of Software Review. He is responsible for reviewing all submissions and updates and preparing them for reproduction. Jack has a strong background in education and writing and is also a published program author. I know you will enjoy dealing with him.

Home Computer Division



May 10, 1983

Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

Dear author,

Enclosed please find your royalty payment for the first quarter 1983. We have improved our royalty turnaround time to the point that I do not have a new issue of the catalog ready to enclose and the catalog is holding to its schedule.

Our marketing efforts are coming to fruition. APX titles are now being carried by Sears, K-Mart, Target, Consumers Distributing and other mass merchandisers.

Atari is giving APX increasing space at major shows. APX had a portion of the Atari booth at the Winter Consumer Electronics Show (CES), as we did at the West Coast Computer Faire. At the Summer CES we will be at two locations. APX will also be at several other shows in the near future.

Our most recent contest recognized some outstanding programs. The Consumer category was won by a drawing and animation package. If it had been clumsier to use, it would probably have succeeded in the Systems category. It should be of substantial use to software developers. Look for it when it becomes available.

Congratulations on your royalty. Please keep us informed on your programming activities, including sending me copies of any press coverage you, your product, or APX get in your regional newspapers.

Sincerely,

A handwritten signature in cursive script that reads 'Fred Thorlin'.

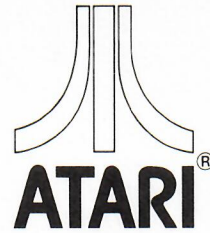
Fred Thorlin
Director
Atari Program eXchange

JFT:djb

Enclosure: Check

Computer Division

June 1, 1983



Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

SUBJECT: Recalculation of APX Royalty Payment
for 4th Quarter 1982

Dear Author:

An additional royalty payment for sales of your product during the 4th Quarter 1982 is enclosed.

A recent review of materials and marketing costs during that period revealed significant savings affecting our calculation of your royalty. In all honesty, we feel the benefit of those savings should be passed along to the authors as soon as possible. The recalculation of royalties based on those savings has resulted in the enclosed check.

Should you have any questions, please feel free to call me at 408/727-6691.

Sincerely yours,

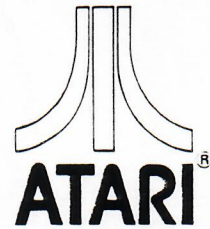
A handwritten signature in cursive script that reads 'Fred Thorlin'.

Fred Thorlin
Director
ATARI Program eXchange

JFT:djb

Enclosure: Check

Corporate Division



August 22, 1983

Atari Incorporated
1265 Borregas Avenue
PO Box 427
Sunnyvale California 94086
408 745 2000

Dear Author,

Enclosed please find your royalty payment for the second quarter of 1983. Atari is just completing a major reorganization of its distribution channels. Distributors who are terminating their relationship with Atari have returned their inventories. For some titles this has resulted in more copies being returned than sold during the quarter. For those titles no check is enclosed and any overpayment of royalties on our part will appear as a deduction from future royalty checks.

APX has started producing products in a new, smaller package: a transparent container that holds the manual and media. Almost all new products will be produced in the new format and we are converting old products as fast as we can. The new size conforms to the dimensions of Atari's newer products so that dealers will be able to display APX products in their Atari display racks. We were able to retain the three-hole punching so that manuals can still be stored in three-ring binders. Response to the new packaging has been very, very good. APX sales continue to run ahead of last year's pace and we look forward to a spectacular holiday season.

The forthcoming fall issue of the catalog will be a new base issue containing write-ups of all the products we are promoting. Because of the large number of titles we now carry, we are obliged to cease listing many of our weaker titles to keep the catalog to a reasonable size. The titles we include will generally have shorter write-ups with better graphics. Our goal is to upgrade the public's sense of the quality of APX software, to stress its breadth and to sell these titles more aggressively.

Shortly after Galahad and the Holy Grail became available from APX, the Atari corporate legal and financial staffs developed a mania for the game. A similar problem is developing in coin-op engineering with a new APX game, Dandy; they have become keen on developing their own dungeons with the editor and challenging their friends. In the real world (outside Atari) the big hits are Dandy, Drawit, Galahad and the Holy Grail, Getaway!, Quarxon and Typo Attack.

Two former APX titles, Chris Crawford's Eastern Front (1941) and Greg Christensen's Caverns of Mars, are now available on cartridge from mainline Atari. Our next catalog will include Chris Crawford's latest performance. I think it is his best effort yet. It is a game of such depth that it has been placed in the Learning section of the catalog. Watch for it!

Congratulations on your royalty. Please keep us informed on your programming activities. I would appreciate receiving copies of any press coverage you, your product, or APX get in your region.

Sincerely,

A handwritten signature in cursive script that reads 'Fred Thorlin'.

Fred Thorlin
Director
Atari Program eXchange